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CALIFORNIA LEGISLATURE—2007–08 REGULAR SESSION

ASSEMBLY BILL

No. 2175

Introduced by Assembly Members Laird and Feuer
(Principal coauthor: Assembly Member Bass)
(Coauthors: Assembly Members Huffman, Jones, Krekorian,
~~Ruskin, and Wolk~~ and *Ruskin*)
(Coauthor: Senator Kehoe)

February 20, 2008

An act to add and repeal Section 65595.5 of the Government Code, to amend Section 10631.5 of, to add Part 2.55 (commencing with Section 10608) to, and to repeal and add Part 2.8 (commencing with Section 10800) of, Division 6 of, the Water Code, relating to water conservation.

LEGISLATIVE COUNSEL'S DIGEST

AB 2175, as amended, Laird. Water conservation.

(1) Existing law establishes the Water Conservation in Landscaping Act and requires the Department of Water Resources to update the model water efficient landscape ordinance by regulation. Existing law requires all rules and regulations of the department, except as specified,

to first be presented to the California Water Commission and be effective only upon approval by the commission.

This bill would, until December 31, 2009, delete the requirement that the commission be presented with and approve department regulations relating to the model water efficient landscape ordinance.

(2) Existing law requires the department to convene an independent technical panel to provide information to the department and the Legislature on new demand management measures, technologies, and approaches. “Demand management measures” means those water conservation measures, programs, and incentives that prevent the waste of water and promote the reasonable and efficient use and reuse of available supplies.

This bill would require the state to achieve a 20% reduction in urban per capita water use in California by December 31, 2020. The bill would require the state to reduce per capita use by at least 10% on or before December 31, 2015. By ~~July~~ *December* 31, 2020, each urban retail water supplier would be required to achieve a minimum reduction from the base daily per capita water use, as specified. The bill would also require each urban retail water supplier to achieve at least 50% of the targeted per capita reduction on or before ~~July~~ *December* 31, 2015.

The bill would require, by ~~December~~ *July* 31, 2012, each agricultural water supplier to implement water use efficiency best management practices. The bill would require each agricultural water supplier to report to the department, by December 31, ~~2010~~ *2012*, and ~~every 5 years~~ *thereafter; in years ending in 0 and years ending in 5*, on the best management practices. The bill would require the department to develop a methodology for quantifying the efficiency of *onfarm* agricultural water use and require the department, by December 31, 2010, to report to the Legislature on a proposed methodology and a plan for implementation. The bill would make related legislative findings and declarations and statements of legislative intent.

(3) Existing law makes the terms of, and eligibility for, a water management grant or loan made to an urban water supplier and awarded or administered by the department, state board, or California Bay-Delta Authority or its successor agency conditioned on the implementation of specified water demand management measures.

This bill would make this provision ~~only~~ *only* apply until December 31, 2015, and beginning ~~January~~ *August* 1, 2016, *for urban retail water suppliers, and January 1, 2013, for agricultural water suppliers*, would instead condition these grants or loans made to urban *retail* or

agricultural water suppliers on the implementation of the requirements of paragraph (2), above.

(4) Existing law establishes the Agricultural Water Management Planning Act which, among other things, requires each agricultural water supplier supplying more than 50,000 acre-feet of water directly to customers to prepare a prescribed information report and to prepare and adopt an agricultural water management plan, as specified. Existing law specifies that the act remain operative only until January 1, 1993, except that if an agricultural water supplier fails to submit its required information report or agricultural water management plan prior to January 1, 1993, it remains operative for that supplier until it has submitted the report, or plan, or both.

This bill would repeal the act and establish a new Agricultural Water Management Planning Act. The bill would require an agricultural water supplier to prepare and adopt an agricultural water management plan, as specified, by December 31, 2011, December 31, 2015, and on or before December 31 every 5 years thereafter. The bill would require each agricultural water supplier to make the proposed plan available for public inspection. The bill would require the department, by December 31 in the years ending in 7 or 2 6 and years ending in 1, to submit a report to the Legislature summarizing the status of the adopted plans.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 65595.5 is added to the Government
- 2 Code, to read:
- 3 65595.5. (a) In order to ensure timely implementation of water
- 4 conservation activities relating to landscaping, Section 161 of the
- 5 Water Code shall not apply to the adoption of department
- 6 regulations required pursuant to Section 65595.
- 7 ~~(b) This section shall be repealed on January 1, 2010.~~
- 8 (b) *This section shall remain in effect only until January 1, 2010,*
- 9 *and as of that date is repealed, unless a later enacted statute, that*
- 10 *is enacted before January 1, 2010, deletes or extends that date.*
- 11 SEC. 2. Part 2.55 (commencing with Section 10608) is added
- 12 to Division 6 of the Water Code, to read:

PART 2.55. WATER CONSERVATION

CHAPTER 1. GENERAL DECLARATIONS AND POLICY

10608. The Legislature finds and declares all of the following:

(a) Water is a public resource that the California Constitution protects against waste and unreasonable use.

(b) Growing population, climate change, and the need to protect California's fish and wildlife make it essential that the state manage its water resources as efficiently as possible.

~~(c) In 2000, total water use in California was approximately 83 million acre-feet per year, based on an average water year. This total water use consists of urban water use in the amount of 9 million acre-feet, agricultural water use in the amount of 34 million acre-feet, and environmental water use in the amount of 40 million acre-feet.~~

~~(d)~~

(c) Reduced water use through conservation provides significant energy and environmental benefits, can help protect water quality, improves streamflows, and reduces greenhouse gas emissions.

~~(e)~~

(d) The success of state and local water conservation programs to increase efficiency of water use is best determined on the basis of measurable outcomes related to water use or efficiency.

~~(f)~~

(e) Improvements in technology and management practices offer the potential for increasing water conservation in California over time, providing an essential water management tool to meet the need for water for urban, agricultural, and environmental uses.

~~(g)~~

(f) The California Water Plan, updated in 2005, includes planning scenarios that indicate that by 2030 urban water conservation can reduce water demand by up to 3.1 million acre-feet per year and agricultural water conservation can reduce net water use by up to 800,000 acre-feet of water per year.

~~(h)~~

(g) The Governor has called for a 20 percent per capita reduction in urban water use statewide by 2020.

10608.1. It is the intent of the Legislature, by the enactment of this part, to do all of the following:

(a) Require all water suppliers to increase the efficiency of water use to avoid waste and unreasonable use of this essential resource.

(b) Establish a framework to meet the state targets for agricultural and urban water conservation identified in the act enacting this part and called for by the Governor.

(c) Measure increased efficiency of urban water use on a per capita basis, reflecting different climate zones and previous investments in water conservation programs.

(d) Require implementation of best management practices for agricultural water users in the near term and, for future use, develop a methodology to better measure the efficiency of agricultural water use.

10608.1.5. This part does not reduce the total water used in agricultural or urban sectors. This part does not affect agricultural crop selection or industrial product selection.

10608.1.6. (a) *This part does not limit or otherwise affect the application of Section 1011.*

(b) *This part does not limit or otherwise affect the application of the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340), Chapter 4 (commencing with Section 11370), Chapter 4.5 (commencing with Section 11400), and Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code).*

CHAPTER 2. DEFINITIONS

10608.2. The following definitions apply to this part:

(a) “Base daily per capita water use” means a daily per capita water use during a base year or base years determined by the department pursuant to subdivision (a) of Section 10608.15 that best reflects current normal water use and, to the extent feasible, is a base year of 2004 or later.

(b) “California standard” means a specified level of daily per capita water use for urban retail water suppliers, based on the Department of Water Resources’ most current map of Reference EvapoTranspiration, and shall be:

(1) One hundred fifty gallons per capita daily (gpcd) water use if the majority of the district residents are in Zones 1 to 5, inclusive.

(2) One hundred sixty gpcd water use if the majority of the district residents are in Zones 6 to 10, inclusive.

(3) One hundred seventy gpcd water use if the majority of the district residents are in Zones 11 or greater.

(c) (1) “Daily per capita water use” means the gross water use in a calendar year divided by the average number of residents during that year divided by 365 days per year.

(2) For purposes of paragraph (1), the average number of residents during that year shall be determined using federal, state, and regional population reports supplemented with local information and trend-based extrapolations.

(d) “Critical best management practices” means those agricultural practices that increase the efficiency of use and management of agricultural water and are required of all agricultural water suppliers.

(e) “Disadvantaged community” means a community with an annual median household income that is less than 80 percent of the statewide annual median household income.

(f) “Gross water use” means the total volume of treated or untreated water entering the distribution system of an urban retail water supplier and excludes agricultural water deliveries and recycled water use.

(g) “Locally cost effective” means that the present value of the local benefits of implementing an agricultural best management practice is greater than or equal to the present value of the local cost of implementing that measure.

(h) “Water conservation” means the efficient management of water resources for beneficial uses, preventing waste, or accomplishing additional benefits with the same amount of water.

~~(i) Except~~

(1) Except for state agencies or as otherwise indicated, “water supplier” means any of the following:

~~(1)~~

(A) An urban retail water supplier, either publicly or privately owned, that directly or indirectly provides municipal water to more than 3,000 end users or that supplies more than 3,000 acre-feet of water annually.

~~(2)~~

(B) An urban wholesale water supplier, either publicly or privately owned, that provides more than 3,000 acre-feet of water annually at wholesale for municipal purposes.

~~(3)~~

(C) An agricultural water supplier, either publicly or privately owned, providing water to more than 10,000 acres of agricultural land, or supplying more than 10,000 acre-feet of agricultural water annually, *excluding recycled water*. An agricultural water supplier includes a supplier or contractor for water, regardless of the basis of right, which distributes or sells water for ultimate resale to customers.

(2) *A water supplier that falls under more than one definition in paragraph (1) shall comply with the requirements governing each of the corresponding water supply activities, as appropriate.*

(j) “Recycled water use” means any beneficial use of recycled water which helps meet an urban retail water supplier’s gross water use, ~~including groundwater recharge and injection~~ *the prorated share of pumped groundwater or surface water originated from recycled water due to groundwater recharge or injection or surface water reservoir augmentation.*

(k) “Targeted percent reduction” means the percent reduction in daily per capita water use required, pursuant to Section 10608.6, for an urban retail water supplier.

CHAPTER 3. URBAN WATER CONSERVATION

10608.4. (a) The state shall achieve a 20-percent reduction in urban per capita water use in California on or before December 31, 2020.

(b) The state shall make incremental progress towards the state target specified in subdivision (a) by reducing per capita water use by at least 10 percent on or before December 31, 2015.

10608.6. (a) (1) On or before ~~July~~ *December* 31, 2020, all urban retail water suppliers shall achieve a minimum reduction from the base daily per capita water use as follows:

(A) If an urban retail water supplier’s base daily per capita water use is less than or equal to 110 gallons per capita per day, the urban retail water supplier shall, at a minimum, not increase its base daily per capita water use.

(B) If an urban retail water supplier’s base daily per capita water use is more than 110 gallons per capita per day, but is less than or equal to its California standard established pursuant to subdivision (b) of Section 10608.2, the urban retail water supplier shall, at a

1 minimum, reduce its gallons per capita per day water use by 5
2 percent.

3 (C) If an urban retail water supplier's base daily per capita water
4 use exceeds its California standard established pursuant to
5 subdivision (b) of Section 10608.2 by less than 20 percent, and by
6 January 1, 2009, the urban water supplier has implemented the
7 water demand management measures described paragraph (2), the
8 urban retail water supplier shall, at a minimum, reduce its gallons
9 per capita per day water use by the greater of the following:

10 (i) Fifteen percent or the percent reduction necessary to reach
11 the applicable California standard, whichever is less.

12 (ii) Five percent.

13 (D) If an urban retail water supplier's base daily per capita water
14 use exceeds its California standard established pursuant to
15 subdivision (b) of Section 10608.2 by less than 20 percent, and by
16 January 1, 2009, the urban retail water supplier has not
17 implemented the water demand management measures described
18 in paragraph (2), the urban retail water supplier shall, at a
19 minimum, reduce its gallons per capita per day water use by the
20 greater of the following:

21 (i) The percent reduction necessary to reach the applicable
22 California standard.

23 (ii) Five percent.

24 (E) If an urban retail water supplier's base daily per capita water
25 use exceeds its California standard established pursuant to
26 subdivision (b) of Section 10608.2 by 20 percent or more, and by
27 January 1, 2009, the urban retail water supplier has implemented
28 the water demand management measures described in paragraph
29 (2), the urban retail water supplier shall, at a minimum, reduce its
30 gallons per capita per day water use by 15 percent.

31 (F) If an urban retail water supplier's base daily per capita water
32 use exceeds its California standard established pursuant to
33 subdivision (b) of Section 10608.2 by 20 percent or more, and by
34 January 1, 2009, the urban retail water supplier has not
35 implemented the water demand management measures described
36 in paragraph (2), the urban retail water supplier shall, at a
37 minimum, reduce its gallons per capita per day water use by 20
38 percent.

(2) The department shall develop criteria, with public input, for certification of compliance with the following demand management measures:

- (A) System water audits, leak detection and repair.
- (B) Metering with commodity rates.
- (C) Public information.
- (D) School education programs.
- (E) Conservation pricing.
- (F) Conservation coordinator.
- (G) Water waste prohibition.

(3) In establishing the certification criteria for the demand management measures in paragraph (2), and paragraph (2) of subdivision (c), the department shall consider the best management practices described in the Memorandum of Understanding Regarding Urban Water Conservation in California as last amended in June 2007. *The Legislature does not intend this part to restrict the consideration, adoption, or implementation of urban best management practices developed by the California Urban Water Conservation Council or other entity after June 2007.*

(b) Each urban retail water supplier shall make incremental progress by achieving at least 50 percent of the targeted per-capital ~~per capita~~ reduction on or before ~~July~~ *December* 31, 2015.

(c) An urban retail water supplier may ~~report on the~~ *meet the required* targeted percent reduction either on an aggregated basis of daily per capita water use, *pursuant to subdivision (a)*, that includes all water uses in a supplier's district, or by disaggregating between residential per capita water use and commercial, industrial, and institutional per connection water use. The following requirements apply to an urban retail water supplier that selects the option of disaggregating its water use:

(1) The urban retail water supplier shall use its aggregate water use for purposes of determining the applicable California standard on which to base its targeted per capita reduction for its residential water use.

(2) (A) The urban retail water supplier shall reduce its commercial, industrial, and institutional per connection water use by no less than 15 ~~percent~~. ~~An~~ *percent, unless the urban retail water supplier has previously implemented demand management measures pursuant to subparagraph (B).*

1 (B) An urban retail water supplier may reduce the percent
2 reduction required in this paragraph subparagraph (A) by 5 percent
3 if, by January 1, 2009, the supplier has implemented, and the
4 department has certified compliance with, the, by January 1, 2009,
5 the demand management measure for commercial, industrial, and
6 institutional accounts pursuant to Section 10631, and the
7 department has certified that implementation.

8 (d) All costs incurred pursuant to this part by a water utility
9 regulated by the Public Utilities Commission may be recoverable
10 in rates subject to review and approval by the Public Utilities
11 Commission, and may be recorded in a memorandum account and
12 reviewed for reasonableness by staff of the Public Utilities
13 Commission.

14 10608.7. The department shall develop criteria for allowable
15 adjustments to the targeted percent reduction or the base year
16 requirements described in Section 10608.6. The adjustments shall
17 be as follows:

18 ~~(a) An urban retail water supplier may request an adjustment~~
19 ~~include, but not be limited to, both of the following circumstances:~~

20 (a) An adjustment for the targeted percent reduction due to either
21 any of the following:

22 (1) Substantial changes to the commercial, industrial, or
23 institutional water use in the supplier's district that have occurred
24 since the base year.

25 ~~(2) Significant impacts to the essential operations of a~~
26 ~~commercial, industrial, or institutional customer.~~

27 ~~(b) An urban retail water supplier may request a base year~~
28 ~~different from the base year or base years determined by the~~
29 ~~department pursuant to Section 10608.15 due to either of the~~
30 ~~following:~~

31 ~~(1) Unique climactic conditions in the service area of the urban~~
32 ~~retail water supplier during the base year or base years determined~~
33 ~~by the department.~~

34 ~~(2) Normal water deliveries for the supplier are not related to~~
35 ~~normal climate conditions, but may be associated with drought~~
36 ~~conditions if the supplier provides a backup water system during~~
37 ~~a drought.~~

38 (2) Unreasonable impacts to the operations of a commercial,
39 industrial, or institutional customer that would result from

1 *implementation of conservation measures that are not cost effective*
2 *for the customer.*

3 (3) *Unreasonable impacts on residential customers residing in*
4 *water districts that have a significantly higher percentage of*
5 *commercial, industrial, or institutional water use.*

6 (b) *An adjustment for a base year different from the base year*
7 *or base years determined by the department pursuant to Section*
8 *10608.15 due to unique climatic conditions in the service area of*
9 *the urban retail water supplier during the base year or base years*
10 *determined by the department, or other unique water management*
11 *circumstances.*

12 10608.8. (a) Urban retail water suppliers shall report to the
13 department and the state board on their progress in reaching the
14 targeted percent reduction. Reports shall be submitted ~~on or before~~
15 ~~December 31, 2010, December 31, 2015, and December 31, 2020.~~
16 *on or before July 31, 2011, July 31, 2016, and July 31, 2021.*

17 (b) Reports may be submitted as part of the urban water
18 management plans required pursuant to Section 10631.

19 (c) The reports shall be submitted using a standardized form
20 developed by the department and shall include the following
21 information:

22 (1) Baseline year or years.

23 (2) Baseline daily per capita water use.

24 (3) Targeted percent reduction.

25 ~~(4) Acre-foot water savings attributed to the targeted percent~~
26 ~~reduction.~~

27 ~~(5)~~

28 (4) Current daily per capita water use.

29 ~~(6)~~

30 (5) Current population served.

31 ~~(7)~~

32 (6) Estimated 2020 population served by the urban water
33 supplier, as defined in subdivision ~~(e) of Section 10602 (i) of~~
34 *Section 10608.2.*

35 ~~(8)~~

36 (7) Acre-foot water savings estimated for the current year
37 attributed to the targeted percent reductions.

38 ~~(9)~~

39 (8) Acre-foot water savings estimated for the year 2020
40 attributed to the targeted percent reductions.

10608.9. Urban wholesale water suppliers shall do both of the following:

(1)

(a) Include in the urban water management plans required pursuant to Part 2.6 (commencing with Section 10610) an assessment of their present and proposed future measures, programs, and policies to help achieve the water use reductions required by this part.

(2)

(b) Provide technical assistance to their urban water suppliers to help achieve the water use reductions required by this part.

10608.9.5. State agencies shall reduce water use on facilities they own or operate to support the local urban retail water supplier in meeting the targeted percent reduction in daily per capita water use.

CHAPTER 4. AGRICULTURAL WATER CONSERVATION

~~10608.10. It is anticipated that the actions required in this part and the availability of state grant and loan programs will result in approximately 500,000 acre-feet of agricultural water use efficiency by 2020.~~

10608.10. As part of the update to the California Water Plan pursuant to Section 10004, the department shall include an estimate of the agricultural water use efficiency that has been achieved over the previous five-year period and an estimate of the potential for agricultural water use efficiency in the future.

10608.12. (a) On or before ~~December~~ July 31, 2012, an agricultural water supplier shall implement water use efficiency best management practices pursuant to subdivisions (b) and (c).

~~(b) To ensure that the limited available supplies of water in this state are put to beneficial use to the fullest extent of which they are capable, and to prevent waste, unreasonable use, or unreasonable method of use, agricultural water suppliers shall~~

(b) Agricultural water suppliers shall implement all of the following critical best management practices:

(1) Measure the volume of water delivered to customers with sufficient accuracy to comply with subdivision (a) of Section 531.10 ~~and implement volumetric pricing; and to implement volumetric pricing pursuant to paragraph (4).~~

1 (2) Designate a water conservation coordinator who will develop
2 and implement the water management plan and prepare progress
3 reports.

4 (3) Provide for the availability of water management services
5 to water users. These services may include, but are not limited to,
6 all of the following:

7 (A) Onfarm irrigation and drainage system evaluations.

8 (B) Normal year and real-time irrigation scheduling and crop
9 evapotranspiration information.

10 (C) Surface, ground, and drainage water quantity and quality
11 data.

12 (D) Agricultural water management educational programs and
13 materials for farmers, staff, and the public.

14 (4) Adopt a pricing structure for water customers based at least
15 in part on quantity delivered.

16 (5) Evaluate the policies of agencies that provide the supplier
17 with water to identify the potential for institutional changes to
18 allow more flexible water deliveries and storage.

19 (6) Evaluate and improve the efficiencies of the supplier's
20 pumps.

21 (c) Agricultural water suppliers shall implement additional best
22 management practices, including, but not limited to, all of the
23 following, if the measures are locally cost-effective and technically
24 feasible:

25 (1) Facilitate alternative land use for lands with exceptionally
26 high water duties or whose irrigation contributes to significant
27 problems, including drainage.

28 (2) Facilitate use of available recycled water that otherwise
29 would not be used beneficially, meets all health and safety criteria,
30 and does not cause harm to crops or soils.

31 (3) Facilitate the financing of capital improvements for onfarm
32 irrigation systems.

33 (4) Implement an incentive pricing structure that promotes one
34 or more of the following goals:

35 (A) More efficient water use at the farm level.

36 (B) Conjunctive use of groundwater.

37 (C) Appropriate increase of groundwater recharge.

38 (D) Reduction in problem drainage.

39 (E) Improved management of environmental resources.

1 (F) Effective management of all water sources throughout the
2 season by adjusting seasonal rates based on current conditions.

3 (5) Line or pipe distribution systems and construct regulatory
4 reservoirs to increase distribution system flexibility and capacity,
5 decrease maintenance, and reduce seepage.

6 (6) Increase flexibility in water ordering by, and delivery to,
7 water customers within operational limits.

8 (7) Construct and operate supplier spill and tailwater recovery
9 systems.

10 (8) Increase planned conjunctive use of surface and ground
11 water within the supplier service area.

12 (9) Automate canal control structures.

13 (10) Facilitate or promote customer pump testing and evaluation.

14 (d) Agricultural water suppliers shall report to the department
15 on which best management practices have been implemented and
16 are planned to be implemented, an estimate of the water savings
17 that have occurred since the last report, and an estimate of the
18 water savings ~~estimated~~ to occur five and 10 years in the future.
19 If an agricultural water supplier determines that a best management
20 practice is not locally cost effective or technically feasible, the
21 supplier shall submit information documenting that determination.

22 (e) The reports, ~~confirmed by independent evaluation~~, shall be
23 submitted to the department on or before December 31, ~~2010~~ 2012,
24 and ~~every five years thereafter~~ *thereafter in years ending in zero*
25 *and years ending in five*. Agricultural water suppliers shall use a
26 standardized form provided by the department for the reports.

27 (f) Agricultural water supplier reporting requirements may be
28 met through the submission to the department of an agricultural
29 water management plan required pursuant to Section 10820, or
30 developed for the United States Bureau of Reclamation that is
31 consistent with this part.

32 (g) The department may update the best management practices
33 required pursuant to subdivisions (b) and (c), in consultation with
34 the Agricultural Water Management Council, the United States
35 Bureau of Reclamation, and after technical and public input
36 provided pursuant to subdivision (d) of Section 10608.15.

CHAPTER 5. QUANTIFYING AGRICULTURAL WATER USE
EFFICIENCY

10608.14. The department shall develop a methodology for quantifying the efficiency of *onfarm* agricultural water use. On or before December 31, 2010, the department shall report to the Legislature on a proposed methodology and a plan for implementation. The plan shall include the estimated implementation costs and the types of data needed to support the methodology. ~~To the extent the methodology is based on the ratio of evapotranspiration to applied water, the department shall estimate the costs to collect and compile all of the following data:~~

- ~~(a) Surface water diversion and farm delivery information required pursuant to Section 5103.~~
- ~~(b) Evapotranspiration within an agricultural water supplier boundary using best available methods and technologies.~~
- ~~(c) Groundwater use from approved groundwater management plans and other available sources.~~

CHAPTER 6. GENERAL PROVISIONS

10608.15. (a) On or before April 30, 2009, the department shall prepare a preliminary conservation report that includes, but is not limited to, all of the following:

(1) A proposed base year or base years for measurement of the 20-percent per capita reduction, including consideration of different base years for different regions according to regional hydrologic differences. An urban retail water supplier shall use the base year or years determined by the department to calculate base daily per capita water use.

(2) A compilation and an assessment of current urban per capita water use.

(3) An estimate of the water conservation savings from current and future urban and agricultural conservation activities, pursuant to the requirements of this part.

(b) Beginning with the year 2013, and every five years thereafter, the department shall include in the update of the California Water Plan, pursuant to Section 10004, all of the following:

1 (1) A status report on the progress in meeting the *urban*
2 conservation targets established by this part.

3 (2) An evaluation of options to extend water use efficiency
4 planning and implementation to those who use self-supplied water.

5 (3) The recommended urban and agricultural programs or
6 measures described in subdivisions (c) and (d).

7 (c) *(1)* On or before December 31, 2011, the department, in
8 consultation with the state board, shall submit to the Legislature
9 a plan of action to meet the required statewide target for *urban*
10 water use efficiency established pursuant to subdivision (a) of
11 Section 10608.4 for urban water conservation, and the anticipated
12 statewide target for water use efficiency established pursuant to
13 subdivision (a) of Section 10608.10 for agricultural water
14 conservation 10608.4. The plan shall be based on the consideration
15 of all relevant information including, but not limited to, information
16 provided pursuant to Sections 10608.06 and 10608.12 Section
17 10608.6. The plan shall recommend the measures, programs,
18 policies, and regulatory authority that are needed at the state and
19 local levels to meet the statewide targets for *target for urban* water
20 use efficiency.

21 ~~(d)~~

22 (2) On or before December 31, 2016, and December 31, 2021,
23 the department, in consultation with the state board, shall submit
24 to the Legislature a progress report on meeting the required water
25 use efficiency target for 2015 and 2020 pursuant to subdivision
26 (a) of Section 10608.4 for urban water conservation, and the
27 anticipated water use efficiency target pursuant to subdivision (a)
28 of Section 10608.10 for agricultural water conservation. The
29 *conservation. The* department shall recommend the increased levels
30 of water conservation, including measures, programs, policies and
31 regulatory authority, that are needed at the state and local levels
32 to meet the statewide targets for *target for urban* water use
33 efficiency.

34 *(d) On or before December 31, 2013, December 31, 2016, and*
35 *December 31, 2021, the department, in consultation with the state*
36 *board, shall submit to the Legislature a report on the estimated*
37 *agricultural water savings that have occurred and will occur,*
38 *based on subdivision (d) of Section 10608.12.*

39 (e) All best management practices, methodologies, criteria, and
40 guidelines pursuant to this part shall be adopted or revised only

1 after the department conducts ~~a series of~~ public hearings ~~and~~
2 ~~workshops~~ to allow participation of the diverse geographical areas
3 and interest of the state.

4 (f) Water suppliers may comply with this part regionally if the
5 increased water savings are equal to or greater than the savings
6 that would occur if implemented individually by the retailers in
7 the region.

8 10608.17. (a) ~~Beginning January~~ *August* 1, 2016, the terms
9 of, and eligibility for, a water management grant or loan made to
10 urban retail water suppliers and awarded or administered by the
11 department, state board, or California Bay-Delta Authority or its
12 successor agency shall be conditioned on the implementation of
13 this part.

14 (b) Beginning January 1, 2013, the terms of, and eligibility for,
15 a water management grant or loan made to agricultural water
16 suppliers and awarded or administered by the department, state
17 board, or California Bay-Delta Authority or its successor agency
18 shall be conditioned on the implementation of this part.

19 (c) Notwithstanding subdivision (a), the department shall
20 determine that an urban retail water supplier is eligible for a water
21 management grant or loan even though the supplier has not met
22 the per capita reductions required pursuant to Section 10608.6, if
23 the urban retail water supplier has submitted to the department for
24 approval a schedule, financing plan, and budget, to be included in
25 the grant or loan agreement, for achieving the per capita reductions.
26 The supplier may request grant or loan funds to achieve the per
27 capita reductions to the extent the request is consistent with the
28 eligibility requirements applicable to the water management funds.

29 (d) Notwithstanding subdivision (b), the department shall
30 determine that an agricultural water supplier is eligible for a water
31 management grant or loan even though the supplier is not
32 implementing all of the best management practices described in
33 Section 10608.12, if the agricultural water supplier has submitted
34 to the department for approval a schedule, financing plan, and
35 budget, to be included in the grant or loan agreement, for
36 implementation of the best management practices. The supplier
37 may request grant or loan funds to implement the best management
38 practices to the extent the request is consistent with the eligibility
39 requirements applicable to the water management funds.

(e) Notwithstanding subdivision (a), the department shall determine that an urban retail water supplier is eligible for a water management grant or loan even though the supplier has not met the per capita reductions required pursuant to Section 10608.6, if the urban retail water supplier has submitted to the department for approval documentation demonstrating that their entire service area qualifies as a disadvantaged community.

10608.18. (a) The Legislature hereby finds and declares that the development, adoption, and implementation of water conservation targets as provided in this part is an issue of statewide significance that is critical to the effective implementation of integrated regional water management in California.

(b) It is the intent of the Legislature that funds made available by Section 75026 of the Public Resources Code should be expended, consistent with Division 43 (commencing with Section 75001) of the Public Resources Code and upon appropriation by the Legislature, for grants to implement this part. In the allocation of funding, it is the intent of the Legislature that the department give consideration to disadvantaged communities to assist in implementing the requirements of this part.

(c) It is the intent of the Legislature that funds made available by Section 75041 of the Public Resources Code should be expended, consistent with Division 43 (commencing with Section 75001) of the Public Resources Code and upon appropriation by the Legislature, for direct expenditures to implement this part.

~~10608.20. (a) Nothing in this part shall preclude the department or board from taking action authorized under Section 275.~~

~~(b) The policies, targets, and requirements of this part and any criteria, plan of action, target, report, methodology, or guideline prepared by the department pursuant to this part may be considered in a proceeding under Section 275.~~

SEC. 3. Section 10631.5 of the Water Code is amended to read:

10631.5. (a) (1) Beginning January 1, 2009, until December 31, 2015, the terms of, and eligibility for, a water management grant or loan made to an urban water supplier and awarded or administered by the department, state board, or California Bay-Delta Authority or its successor agency shall be conditioned on the implementation of the water demand management measures described in Section 10631, as determined by the department pursuant to subdivision (b).

1 (2) For the purposes of this section, water management grants
2 and loans include funding for programs and projects for surface
3 water or groundwater storage, recycling, desalination, water
4 conservation, water supply reliability, and water supply
5 augmentation. This funding includes, but is not limited to, funds
6 made available pursuant to Section 75026 of the Public Resources
7 Code.

8 (3) Notwithstanding paragraph (1), the department shall
9 determine that an urban water supplier is eligible for a water
10 management grant or loan even though the supplier is not
11 implementing all of the water demand management measures
12 described in Section 10631, if the urban water supplier has
13 submitted to the department for approval a schedule, financing
14 plan, and budget, to be included in the grant or loan agreement,
15 for implementation of the water demand management measures.
16 The supplier may request grant or loan funds to implement the
17 water demand management measures to the extent the request is
18 consistent with the eligibility requirements applicable to the water
19 management funds.

20 (4) (A) Notwithstanding paragraph (1), the department shall
21 determine that an urban water supplier is eligible for a water
22 management grant or loan even though the supplier is not
23 implementing all of the water demand management measures
24 described in Section 10631, if an urban water supplier submits to
25 the department for approval documentation demonstrating that a
26 water demand management measure is not locally cost effective.
27 If the department determines that the documentation submitted by
28 the urban water supplier fails to demonstrate that a water demand
29 management measure is not locally cost effective, the department
30 shall notify the urban water supplier and the agency administering
31 the grant or loan program within 120 days that the documentation
32 does not satisfy the requirements for an exemption, and include
33 in that notification a detailed statement to support the
34 determination.

35 (B) For purposes of this paragraph, “not locally cost effective”
36 means that the present value of the local benefits of implementing
37 a water demand management measure is less than the present value
38 of the local costs of implementing that measure.

39 (5) (A) Notwithstanding paragraph (1), the department shall
40 determine that an urban water supplier is eligible for a water

1 management grant or loan even though the supplier is not
2 implementing all of the water demand management measures
3 described in Section 10631, if an urban water supplier submits to
4 the department for approval documentation demonstrating that
5 their entire service area qualifies as a disadvantaged community.

6 (B) For purposes of this paragraph, “disadvantaged community”
7 means a community with an annual median household income that
8 is less than 80 percent of the statewide annual median household
9 income.

10 (b) (1) The department, in consultation with the state board and
11 the California Bay-Delta Authority or its successor agency, and
12 after soliciting public comment regarding eligibility requirements,
13 shall develop eligibility requirements to implement the requirement
14 of paragraph (1) of subdivision (a). In establishing these eligibility
15 requirements, the department shall do both of the following:

16 (A) Consider the conservation measures described in the
17 Memorandum of Understanding Regarding Urban Water
18 Conservation in California, and alternative conservation approaches
19 that provide equal or greater water savings.

20 (B) Recognize the different legal, technical, fiscal, and practical
21 roles and responsibilities of wholesale water suppliers and retail
22 water suppliers.

23 (2) (A) For the purposes of this section, the department shall
24 determine whether an urban water supplier is implementing all of
25 the water demand management measures described in Section
26 10631 based on either, or a combination, of the following:

27 (i) Compliance on an individual basis.

28 (ii) Compliance on a regional basis. Regional compliance shall
29 require participation in a regional conservation program consisting
30 of two or more urban water suppliers that achieves the level of
31 conservation or water efficiency savings equivalent to the amount
32 of conservation or savings achieved if each of the participating
33 urban water suppliers implemented the water demand management
34 measures. Urban water suppliers may also request a regional
35 agency authorized to plan and implement water conservation to
36 assist in or administer regional water conservation programs. The
37 urban water supplier or regional agency administering the regional
38 program shall provide participating urban water suppliers and the
39 department with data to demonstrate that the regional program is
40 consistent with this clause. The department shall review the data

1 to determine whether the urban water suppliers in the regional
2 program are meeting the eligibility requirements.

3 (B) The department may require additional information for any
4 determination pursuant to this section.

5 (3) The department shall not deny eligibility to an urban water
6 supplier in compliance with the requirements of this section that
7 is participating in a multiagency water project, or an integrated
8 regional water management plan, developed pursuant to Section
9 75026 of the Public Resources Code, solely on the basis that one
10 or more of the agencies participating in the project or plan is not
11 implementing all of the water demand management measures
12 described in Section 10631.

13 (c) In establishing guidelines pursuant to the specific funding
14 authorization for any water management grant or loan program
15 subject to this section, the agency administering the grant or loan
16 program shall include in the guidelines the eligibility requirements
17 developed by the department pursuant to subdivision (b).

18 (d) Upon receipt of a water management grant or loan
19 application by an agency administering a grant and loan program
20 subject to this section, the agency shall request an eligibility
21 determination from the department with respect to the requirements
22 of this section. The department shall respond to the request within
23 60 days of the request.

24 (e) The urban water supplier may submit to the department
25 copies of its annual reports and other relevant documents to assist
26 the department in determining whether the urban water supplier
27 is implementing or scheduling the implementation of water demand
28 management activities. In addition, for urban water suppliers that
29 are signatories to the Memorandum of Understanding Regarding
30 Urban Water Conservation in California and submit biennial reports
31 to the California Urban Water Conservation Council in accordance
32 with the memorandum, the department may use these reports to
33 assist in tracking the implementation of water demand management
34 measures.

35 SEC. 4. Part 2.8 (commencing with Section 10800) of Division
36 6 of the Water Code is repealed.

37 SEC. 5. Part 2.8 (commencing with Section 10800) is added
38 to Division 6 of the Water Code, to read:

CHAPTER 1. GENERAL DECLARATIONS AND POLICY

(j) Agricultural water users applying for a permit to appropriate water from the board are required to prepare and implement water conservation plans.

1 10802. The Legislature finds and declares that all of the
2 following are the policies of the state:

3 (a) The conservation of water shall be pursued actively to protect
4 both the people of the state and the state's water resources.

5 (b) The conservation of agricultural water supplies shall be an
6 important criterion in public decisions with regard to water.

7 (c) Agricultural water suppliers shall be required to prepare
8 water management plans to achieve conservation of water.

9
10 CHAPTER 2. DEFINITIONS

11
12 10810. Unless the context otherwise requires, the definitions
13 set forth in this chapter govern the construction of this part.

14 10811. "Agricultural water management plan" or "plan" means
15 an agricultural water management plan prepared pursuant to this
16 part.

17 10812. "Agricultural water supplier" has the same meaning as
18 defined in Section 10608.2.

19 10813. "Customer" means a purchaser of water from a water
20 supplier who uses water for agricultural purposes.

21 10814. "Person" means any individual, firm, association,
22 organization, partnership, business, trust, corporation, company,
23 public agency, or any agency of that entity.

24 10815. "Public agency" means any city, county, city and
25 county, special district, or other public entity.

26 10816. "Urban water supplier" has the same meaning as defined
27 in Section 10617.

28 10817. "Water conservation" means the efficient management
29 of water resources for beneficial uses, preventing waste, or
30 accomplishing additional benefits with the same amount of water.

31
32 CHAPTER 3. AGRICULTURAL WATER MANAGEMENT PLANS

33
34 Article 1. General Provisions

35
36 10820. (a) An agricultural water supplier shall prepare and
37 adopt an agricultural water management plan in the manner set
38 forth in this chapter on or before December 31, 2011, December
39 31, 2015, and on or before December 31 every five years thereafter.

(b) Every supplier that becomes an agricultural water supplier after December 31, 2012, shall adopt an agricultural water management plan within one year after the date it has become an agricultural water supplier.

(c) A water supplier that indirectly provides water to customers for agricultural purposes shall not prepare a plan pursuant to this part without the consent of each agricultural water supplier that directly provides that water to its customers.

10821. (a) An agricultural water supplier shall update its plan at least once every five years on or before December 31, in years ending in zero and five.

(b) An agricultural water supplier required to prepare a plan pursuant to this part shall notify each city or county within which the supplier provides water supplies that the agricultural water supplier will be preparing the plan or reviewing the plan and considering amendments or changes to the plan. The agricultural water supplier may consult with, and obtain comments from, each city or county that receives notice pursuant to this subdivision.

(c) The amendments to, or changes in, the plan shall be adopted and submitted in the manner set forth in Article 3 (commencing with Section 10840).

Article 2. Contents of Plans

10825. (a) It is the intent of the Legislature in enacting this part to allow levels of water management planning commensurate with the numbers of customers served and the volume of water supplied.

(b) This part does not require the implementation of water conservation programs or practices that are not locally cost effective.

10826. A plan shall be adopted in accordance with this chapter. That plan shall do all of the following:

(a) Describe the agricultural water supplier and the service area, including all of the following:

- (1) History and size of the service area.
- (2) Location of the service area and its water management facilities.
- (3) Terrain and soils.
- (4) Climate.

- 1 (5) Operating rules and regulations.
- 2 (6) Water delivery measurements or calculations.
- 3 (7) Water rate schedules and billing.
- 4 (8) Water shortage allocation policies.
- 5 (b) Describe the quantity and quality of water resources of the
- 6 agricultural water supplier, including all of the following:
- 7 (1) Surface water supply.
- 8 (2) Groundwater supply.
- 9 (3) Other water supplies.
- 10 (4) Source water quality monitoring practices.
- 11 (5) Water uses within the agricultural water supplier's service
- 12 area, including all of the following:
- 13 (A) Agricultural.
- 14 (B) Environmental.
- 15 (C) Recreational.
- 16 (D) Municipal and industrial.
- 17 (E) Groundwater recharge.
- 18 (F) Transfers and exchanges.
- 19 (G) Other water uses.
- 20 (6) Drainage from the water supplier service area.
- 21 (7) Water accounting, including all of the following:
- 22 (A) Quantifying the water supplier's water supplies.
- 23 (B) Tabulating water uses.
- 24 (C) Overall water budget.
- 25 (8) Water supply reliability.
- 26 (c) Include an analysis, based on available information, of the
- 27 effect of climate change on future water supplies.
- 28 (d) Describe previous water management activities.
- 29 (e) Include in the plan the water use efficiency information
- 30 required pursuant to Section 10608.12.
- 31 10827. Agricultural water suppliers that are members of the
- 32 Agricultural Water Management Council, and that submit water
- 33 management plans to that council in accordance with the
- 34 "Memorandum of Understanding Regarding Efficient Water
- 35 Management Practices By Agricultural Water Suppliers In
- 36 California," dated January 1, 1999, may submit the water
- 37 management plans identifying water demand management
- 38 measures currently being implemented, or scheduled for
- 39 implementation, to satisfy the requirements of Section 10826.

10828. (a) Agricultural water suppliers that are required to submit water conservation plans to the United States Bureau of Reclamation pursuant to either the Central Valley Project Improvement Act (Public Law 102-575) or the Reclamation Reform Act of 1982, or both, may submit those water conservation plans to satisfy the requirements of Section 10826, if both of the following apply:

(1) The agricultural water supplier has adopted and submitted the water conservation plan to the United States Bureau of Reclamation within the previous four years.

(2) The United States Bureau of Reclamation has accepted the water conservation plan as adequate.

(b) This part does not require agricultural water suppliers that are required to submit water conservation plans to the United States Bureau of Reclamation pursuant to either the Central Valley Project Improvement Act (Public Law 102-575) or the Reclamation Reform Act of 1982, or both, to prepare and adopt water conservation plans according to a schedule that is different from that required by the United States Bureau of Reclamation.

10829. An agricultural water supplier may satisfy the requirements of this part by adopting an urban water management plan pursuant to Part 2.6 (commencing with Section 10610) or by participation in areawide, regional, watershed, or basinwide water management planning ~~if those plans will reduce preparation costs and contribute to the achievement of conservation and efficient water use.~~ *if those plans meet or exceed the requirements of this part.*

Article 3. Adoption and Implementation of Plans

10840. Every agricultural water supplier shall prepare its plan pursuant to Article 2 (commencing with Section 10825).

10841. Prior to adopting a plan, the agricultural water supplier shall make the proposed plan available for public inspection, and shall hold a public hearing on the plan. Prior to the hearing, notice of the time and place of hearing shall be published within the jurisdiction of the publicly owned agricultural water supplier pursuant to Section 6066 of the Government Code. A privately owned agricultural water supplier shall provide an equivalent notice

1 within its service area. After the hearing, the plan shall be adopted
2 as prepared or as modified during or after the hearing.

3 10842. An agricultural water supplier shall implement the plan
4 adopted pursuant to this chapter in accordance with the schedule
5 set forth in its plan, as determined by the governing body of the
6 agricultural water supplier.

7 10843. (a) An agricultural water supplier shall submit to the
8 entities identified in subdivision (b) a copy of its plan no later than
9 30 days after the adoption of the plan. Copies of amendments or
10 changes to the plans shall be submitted to the entities identified in
11 subdivision (b) within 30 days after the adoption of the
12 amendments or changes.

13 (b) An agricultural water supplier shall submit a copy of its plan
14 and amendments or changes to the plan to each of the following
15 entities:

16 (1) The department.

17 (2) Any city, county, or city and county within which the
18 agricultural water supplier provides water supplies.

19 (3) Any groundwater management entity within which
20 jurisdiction the agricultural water supplier extracts or provides
21 water supplies.

22 (4) Any urban water supplier within which jurisdiction the
23 agricultural water supplier provides water supplies.

24 (5) Any city or county library within which jurisdiction the
25 agricultural water supplier provides water supplies.

26 (6) The California State Library.

27 (7) Any local agency formation commission serving a county
28 within which the agricultural water supplier provides water
29 supplies.

30 10844. (a) Not later than 30 days after the date of adopting its
31 plan, the agricultural water supplier shall make the plan available
32 for public review on the agricultural water supplier's Internet Web
33 site.

34 (b) An agricultural water supplier that does not have an Internet
35 Web site shall submit to the department, not later than 30 days
36 after the date of adopting its plan, a copy of the adopted plan in
37 an electronic format. The department shall make the plan available
38 for public review on the department's Internet Web site.

39 10845. (a) The department shall prepare and submit to the
40 Legislature, on or before December 31, in the years ending in ~~seven~~

1 ~~or two~~ *six and years ending in one*, a report summarizing the status
2 of the plans adopted pursuant to this part.

3 (b) The report prepared by the department shall identify the
4 outstanding elements of any plan adopted pursuant to this part.
5 The report shall include an evaluation of the effectiveness of this
6 part in promoting efficient agricultural water management practices
7 and recommendations relating to proposed changes to this part, as
8 appropriate.

9 (c) The department shall provide a copy of the report to each
10 agricultural water supplier that has submitted its plan to the
11 department. The department shall also prepare reports and provide
12 data for any legislative hearing designed to consider the
13 effectiveness of plans submitted pursuant to this part.

14 (d) This section does not authorize the department, in preparing
15 the report, to approve, disapprove, or critique individual plans
16 submitted pursuant to this part.

17
18 CHAPTER 4. MISCELLANEOUS PROVISIONS
19

20 10850. (a) Any action or proceeding to attack, review, set
21 aside, void, or annul the acts or decisions of an agricultural water
22 supplier on the grounds of noncompliance with this part shall be
23 brought pursuant to Section 1085 of the Code of Civil Procedure,
24 and the court's review of compliance or noncompliance with this
25 part shall extend to whether the plan, or portion thereof, or revision
26 thereto, substantially complies with the requirements of this part.

27 (b) An action or proceeding alleging failure to adopt a plan shall
28 be commenced within 18 months after that adoption is required
29 by this part.

30 (c) Any action or proceeding alleging that a plan, or action taken
31 pursuant to the plan, does not comply with this part shall be
32 commenced within 120 days after submitting the plan or
33 amendments to the plan to entities in accordance with Section
34 10844 or the taking of that action.

35 (d) In an action or proceeding to attack, review, set aside, void,
36 or annul the acts or decisions of an agricultural water supplier
37 made pursuant to this part at a properly noticed public hearing, the
38 issues raised shall be limited to those raised in the public hearing,
39 or in written correspondence delivered to the agricultural water

1 supplier prior to, or at, the public hearing, except if the court finds
2 either of the following:

3 (1) The issue could not have been raised at the public hearing
4 by a person exercising reasonable diligence.

5 (2) The body conducting the public hearing prevented the issue
6 from being raised at the public hearing.

7 10851. The California Environmental Quality Act (Division
8 13 (commencing with Section 21000) of the Public Resources
9 Code) does not apply to the preparation and adoption of plans
10 pursuant to this part. This part does not exempt projects for
11 implementation of the plan or for expanded or additional water
12 supplies from the California Environmental Quality Act.

13 10852. An agricultural water supplier that does not prepare,
14 adopt, and submit its agricultural water management plan in
15 accordance with this part is ineligible to receive funds made
16 available pursuant to any program administered by the board, the
17 department, or the California Bay-Delta Authority until the
18 agricultural water management plan is submitted pursuant to this
19 part.